

# **EXECUTIVE SECRETARIAT** **Routing Slip**

TO:		ACTION	INFO	DATE	INITIAL
1	DCI				
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Remarks:

Executive Secretary  
7/26/82  
Date

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THE WHITE HOUSE  
WASHINGTON

**CABINET AFFAIRS STAFFING MEMORANDUM**

DATE: 7-23-82 NUMBER: 077402CA DUE BY: DDI- 6148-82

SUBJECT: CABINET COUNCIL ON ECONOMIC AFFAIRS - July 27, 1982

8:45 AM in the Roosevelt Room

	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input type="checkbox"/>	Baker	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Vice President	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
State	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Clark	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Treasury	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Darman (For WH Staffing)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Defense	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Harper	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Attorney General	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Jenkins	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interior	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Wheeler	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Agriculture	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Kudlow	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Commerce	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Labor	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HHS	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HUD	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Education	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Counsellor	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
CIA	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
UN	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
USTR	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
CEA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CCCT/Gunn	<input type="checkbox"/>	<input type="checkbox"/>
CEQ	<input type="checkbox"/>	<input type="checkbox"/>	CCEA/Porter	<input checked="" type="checkbox"/>	<input type="checkbox"/>
OSTP	<input type="checkbox"/>	<input type="checkbox"/>	CCFA/Boggs	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCHR/Carleson	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCLP/Uhlmann	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCNRE/Boggs	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: The CCEA will meet on Tuesday, July 27, at 8:45 AM in the Roosevelt Room. The agenda and background paper on Employment and Training legislation are attached.

The paper on LDC Financial Problems was circulated to you in advance of the July 19 CCEA meeting.

RETURN TO:

☐ Craig L. Fuller  
Assistant to the President  
for Cabinet Affairs

☒ Becky Norton Dunlop  
Director, Office of  
Cabinet Affairs

THE WHITE HOUSE

WASHINGTON

July 23, 1982

DDI- 6148-82

MEMORANDUM FOR THE CABINET COUNCIL ON ECONOMIC AFFAIRS

FROM: ROGER B. PORTER *RBP*

SUBJECT: Agenda and Papers for the July 27 Meeting

The agenda and papers for the Tuesday, July 27 meeting of the Cabinet Council on Economic Affairs are attached. The meeting is scheduled for 8:45 a.m. in the Roosevelt Room.

The first agenda item is a review of employment and training legislation. A memorandum on this subject is attached.

The second agenda item is a report from the Working Group on LDC Financial Problems, chaired by Assistant Secretaries Leland and Hormats. The Working Group report includes a paper on U.S. Policy on Multilateral Development Bank Participation in Debt Rescheduling and a Status Report on Problem Countries currently experiencing financial difficulties. These papers were distributed to Council members on July 15.

Attachments

THE WHITE HOUSE  
WASHINGTON

CABINET COUNCIL ON ECONOMIC AFFAIRS

July 27, 1982

8:45 a.m.

Roosevelt Room

AGENDA

1. Employment and Training Legislation (CM#167)
2. Report of the Working Group on LDC Financial Problems (CM#179)

THE WHITE HOUSE

WASHINGTON

July 23, 1982

MEMORANDUM FOR THE CABINET COUNCIL ON ECONOMIC AFFAIRS

FROM: ROGER B. PORTER *RBP*  
SUBJECT: Job Training Legislation

Earlier this year the President approved a series of recommendations from the Cabinet Council on Economic Affairs for a new Employment and Training Bill to replace the Comprehensive Employment and Training Act (CETA). The legislation is now proceeding through the Congress and a bill has passed the Senate (S. 2036) embodying the major provisions in the Administration's proposal.

Secretary Donovan has requested that the Cabinet Council review the status of the job training legislation and consider the policy implications of employment and training legislation currently under consideration in the House of Representatives. A memorandum on the status of the job training legislation from Assistant Secretary of Labor Albert Angrisani is attached.

As his memorandum points out, the pending legislation in the House (H.R. 5320) differs in numerous major respects from the principles outlined in the Administration's proposal and in the legislation passed by the Senate 95-0. In essence, the House legislation attempts to continue CETA. Specifically it:

1. Allows for the payment of wages, stipends, and allowances to participants;
2. Provides no safeguards to ensure that the bulk of the funds are spent on training;
3. Maintains the prime sponsor delivery system rather than moving to a block grant to the states;
4. Restricts the role for private sector participants to that existing in current legislation; and
5. Proposes funding at twice the level of that in the Administration's original proposal.

The Department of Labor envisions three basic alternative approaches to the House legislation: (1) Support four or five amendments that would marginally improve the House bill; (2) seek to bring the House bill into conformity with the Senate

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legislation through a dozen or so significant amendments; or (3) seek to develop a bipartisan coalition in support of substituting the Senate bill in the House.

In considering these alternatives the Department of Labor is anxious to discuss the policy implications of the legislation likely to result from a Conference Committee.

House floor consideration of this legislation will likely occur late next week. This issue is scheduled for consideration by the Cabinet Council at its Tuesday, July 27 meeting.

Attachment

U.S. Department of Labor

Assistant Secretary for  
Employment and Training  
Washington, D.C. 20210

CM#167



July 23, 1982

MEMORANDUM FOR: THE CABINET COUNCIL ON ECONOMIC AFFAIRS

FROM: ALBERT ANGRISANI  
Assistant Secretary of Labor

SUBJECT: Status of Job Training Legislation

Administration's Position

In approaching the replacement legislation for the Comprehensive Employment and Training Act (CETA), the Administration developed three major principles. Throughout the negotiations with the Senate, they have remained essential to Administration support for the resulting legislation.

Briefly, the three principles are:

- o No wages, stipends or allowances should be paid to participants in a training program. The major targeted groups of this legislation are the "neediest" and, therefore, are already receiving welfare payments, unemployment insurance, etc. These payments will not stop because the individual enters a training program.
- o Under CETA, only 18 cents of the Federal dollar, was actually spent on training -- the rest went for administrative costs, income maintenance, and support services. Because the specific purpose of the proposed legislation is training, the Administration feels strongly that a full 70 percent of the training budget should actually be spent on training. The remaining 30 percent would provide support services and administrative costs.
- o Because each State has its own unique set of employment problems, the delivery system should adhere to the principles of New Federalism and give the State, through block grant funding, the paramount role in running the overall training program. This would restrict the Federal role to one of financial and performance oversight. The delivery system should



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also give the private sector through local private industry councils the ability to plan program activities as well as to coordinate the local delivery of services and place trainees in unsubsidized jobs. We believe that this will insure a simplified, tailored approach to training that will give participants the best chance of securing permanent jobs in the private sector. Under the current CETA system, there are 476 prime sponsors and 55,000 subcontractors that serve as a delivery system. The system has proven to be unmanageable and only 15 percent of participants have traditionally found private sector jobs.

Senate Bill  
(S. 2036)

On July 1, 1982 the Senate passed S. 2036 by a vote of 95-0. As you can see from the following list of major provisions, our three principles are incorporated in the bill.

- o Funding is to be administered through a Block Grant delivery system with program responsibility in the hands of the Governor.
- o In training titles, 70% of the funds must be used for training activities. Thirty percent of the funds may be used for support services and administration combined. No wages, allowances or stipends are allowed.
- o Private Industry Councils, made up of a majority of private industry representatives, will develop training programs for the service delivery areas. The Governor's State Job Training Council, also made up of a majority of private industry representatives, proposes the service delivery areas, approves local plans, and provides guidance for all programs in the State.
- o Training will be provided for economically disadvantaged Indians, Migrants, and Older Workers. There are separate titles for Summer Youth Employment and Training Programs for disadvantaged youth which may include work experience.

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- o Funds may be used for basic and remedial education, institutional and on-the-job training, counseling, occupational training, preparation for work, job search training, and other activities designed to prepare the disadvantaged for and place them in unsubsidized jobs. Funds may not be used for public service employment.

Given the extent to which we were involved in negotiations, I believe that the Administration achieved 90% of its goal and should enthusiastically support S. 2036 going into conference with the House bill.

House Bill  
(H.R. 5320)

H.R. 5320 is, basically, an attempt to continue CETA. It is in direct conflict with our previously outlined principles in the following way:

- o Wages, stipends and allowances are allowed in all programs. Public Service Employment is possible for up to 30 months. The Administration is interested in a training program, not an income program.
- o There is no provision stipulated that a percentage of funds must be spent on training. The only restriction on the use of funds is a 15 percent limit on administrative costs. It is up to the discretion of the local Prime Sponsor as to how the remaining 85 percent will be spent on support services and training. Under CETA, the local Prime Sponsor used this discretion to spend only 18 percent on training. Further, DOL professional staff estimates that, as constructed, H.R. 5320 will spend only 35 percent on training.
- o It would contradict the New Federalism concept in that it mandates use of the old Prime Sponsor system (which is essentially a Federal-local pass-through system) with the focus of program planning and operations. This system virtually by-passes the Governor.

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- o The Private Industry Councils remain a concurring appendage to the Prime Sponsor. This is in contradiction to the Administration's goal of heavy involvement of the Private Sector in tailoring training programs that are responsive to labor market needs.
- o It proposes a total funding of \$5.4 billion for Fiscal Year 1983. The Administration's original goal was \$2.4 billion.

If we are to get a bill out of Senate/House Conference that is in line with the Administration's objectives, it is essential that H.R. 5320 be either heavily amended on the floor, or be replaced by an acceptable substitute. The amendments currently under discussion with the concerned House minority members are not sufficient to achieve the desired results.